

Legislative Branch Major Budget Highlights

The Legislative Branch budget request is an average of 6 percent higher each year over the 2007 biennium. The increases are primarily due to:

- \$552,000 in new proposals
- a branch pay and classification market revision,
- annualization of the 2007 biennium statewide pay plan

New proposals are primarily related to:

- 3.0 FTE related to information management and information technology development/security
- Provision of computers/information technology access to legislators
- Expanded legislative participation in regional and interstate cooperative organizations

Issues

- Staffing levels/overtime
- Information Technology Cost Management
- Vacancy Savings
- Coordination Amendments to HB 13 (pay plan)

Legislative Branch Biennium Budget Comparison Actuals/Appropriated (2007 Bien.) to Requested* (2009 Bien.)

Present Law Budget (PL)

Legislative Services: Operations - PL (Program 20)					1
	Fiscal 2006 Actual	Fiscal 2007 Approp.	Fiscal 2008 Request	Fiscal 2009 Request	PL Biennial Inc. Act/App to Request
FTE	51.00	56.17	51.00	56.17	0.00
Personal Svcs	3,313,004	3,801,781	3,778,824	3,856,595	7.3%
Operating Exp	1,833,022	1,763,024	2,090,067	1,838,551	9.2%
Equipment	<u>21,693</u>	<u>138,558</u>	<u>90,000</u>	<u>60,000</u>	-6.4%
Total Costs	\$5,167,719	\$5,703,363	\$5,958,891	\$5,755,146	7.8%
Fund Sources					
General Fund	4,337,321	5,295,999	5,094,225	5,418,087	9.1%
State Special	<u>830,398</u>	<u>407,364</u>	<u>864,666</u>	<u>337,059</u>	-2.9%
Total Funds	\$5,167,719	\$5,703,363	\$5,958,891	\$5,755,146	7.8%

Legislative Services: Interim Committees - PL (Program 21)					2
	Fiscal 2006 Actual	Fiscal 2007 Approp.	Fiscal 2008 Request	Fiscal 2009 Request	PL Biennial Inc. Act/App to Request
FTE	0.97	0.97	0.97	0.97	0.00
Personal Svcs	68,237	58,892	115,629	39,944	22.4%
Operating Exp	274,445	216,987	360,592	205,973	15.3%
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Costs	\$342,682	\$275,879	\$476,221	\$245,917	16.7%
Fund Sources					
General Fund	342,682	275,879	476,221	245,917	16.7%
State Special	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	---
Total Funds	\$342,682	\$275,879	\$476,221	\$245,917	16.7%

Legislative Fiscal Division - PL					3
	Fiscal 2006 Actual	Fiscal 2007 Approp.	Fiscal 2008 Request	Fiscal 2009 Request	PL Biennial Inc. Act/App to Request
FTE	18.50	18.50	18.50	18.50	0.00
Personal Svcs	1,206,744	1,381,690	1,425,144	1,427,252	10.2%
Operating Exp	36,290	87,854	36,076	79,582	-6.8%
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Costs	\$1,243,034	\$1,469,544	\$1,461,220	\$1,506,834	9.4%
Fund Sources					
General Fund	1,243,034	1,469,544	1,461,220	1,506,834	9.4%
State Special	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%
Total Funds	\$1,243,034	\$1,469,544	\$1,461,220	\$1,506,834	9.4%

Legislative Audit Division - PL					4
	Fiscal 2006 Actual	Fiscal 2007 Approp.	Fiscal 2008 Request	Fiscal 2009 Request	PL Biennial Inc. Act/App to Request
FTE	54.50	54.50	54.50	54.50	0.00
Personal Svcs	3,051,194	3,459,297	3,624,389	3,637,231	11.5%
Operating Exp	190,170	181,756	196,050	192,295	4.4%
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Costs	\$3,241,364	\$3,641,053	\$3,820,439	\$3,829,526	11.2%
Fund Sources					
General Fund	1,806,980	2,147,162	2,169,808	2,249,642	11.8%
State Special	<u>1,434,384</u>	<u>1,493,891</u>	<u>1,650,631</u>	<u>1,579,884</u>	10.3%
Total Funds	\$3,241,364	\$3,641,053	\$3,820,439	\$3,829,526	11.2%

LSD \$842,955
IC 103,577
LFD 255,476
LAD 767,548

Bien. Incr. \$1,969,556

Branch Summary - Present Law					5
	Fiscal 2006 Actual	Fiscal 2007 Approp.	Fiscal 2008 Request	Fiscal 2009 Request	PL Biennial Inc. Act/App to Request
FTE	124.97	130.14	124.97	130.14	0.00
Personal Svcs	7,639,179	8,701,660	8,943,986	8,961,022	9.6%
Operating Exp	2,333,927	2,249,621	2,682,785	2,316,401	9.1%
Equipment	<u>21,693</u>	<u>138,558</u>	<u>90,000</u>	<u>60,000</u>	-6.4%
Total Costs	\$9,994,799	\$11,089,839	\$11,716,771	\$11,337,423	9.3%
Fund Sources					
General Fund	7,730,017	9,188,584	9,201,474	9,420,480	10.1%
State Special	<u>2,264,782</u>	<u>1,901,255</u>	<u>2,515,297</u>	<u>1,916,943</u>	6.4%
Total Funds	\$9,994,799	\$11,089,839	\$11,716,771	\$11,337,423	9.3%

Add - New Proposals

New Proposals - Branchwide					6
	Fiscal 2006 Actual	Fiscal 2007 Approp.	Fiscal 2008 Request	Fiscal 2009 Request	Inc. Act/App to Request
	0.00	0.00	3.00	3.00	3.00

Branch Summary - Total Budget					7
	Fiscal 2006 Actual	Fiscal 2007 Approp.	Fiscal 2008 Request	Fiscal 2009 Request	PL Biennial Inc. Act/App to Request
FTE	124.97	130.14	127.97	133.14	3.00

**Legislative Branch
Reasons for Increase
2007 to 2009 Biennium**

Description	Amount	Percent
<u>"Statewide" Present Law</u>		
2007 Bien. Pay Plan Annualization/Other Psnl Svc Adj. (Includes Conversion to Broadband Pay Plan, Vacancies, Other)	\$1,564,169	7.4%
Fixed Cost Increases (Rent, fees, network fees, other)	\$188,919	0.9%
Inflation	<u>4,275</u>	0.0%
Subtotal	\$1,757,363	8.3%
<u>Branch Policy</u>		
New Proposals (See Table Below)	552,092	2.6%
Present Law Adjustments:		
Interim Committees/Interstate Cooperation (Pgm 21)	74,378	0.4%
LSD Operations		
- Branch Computer Systems Plan/LSD operations	132,593	0.6%
LAD Operations	16,633	0.1%
LFD Operations	(11,411)	-0.1%
Other	<u>0</u>	0.0%
Total	<u>\$2,521,648</u>	<u>12.0%</u>

Legislative Branch - New Proposals		
	Amount	Percent
LSD - Operations (Pgm 20)		
Network Technician, 1.0 FTE/Contr. Svcs. Reduction	(\$52,746)	-0.3%
Computer Security, 1.0 FTE/Contr. Svcs. Reduction	\$74,188	0.4%
Legislative Information Officer, 1.0 FTE	\$123,256	0.6%
Technology Allowance for Legislators	\$135,000	0.6%
Interim Committees/Interstate Cooperation (Pgm 21)		
NCSL Legislator Participation	28,496	0.1%
CSG Dues/Legislative Participation	185,480	0.9%
PNWER Participation	17,341	0.1%
Council on River Governance Participation	<u>41,077</u>	<u>0.2%</u>
	<u>\$552,092</u>	<u>2.6%</u>

Amount of a 1% Budget Increase/Decrease

\$210,846

Table 3
Legislative Branch
Base Budget Increases - Present Law
Fiscal 2006 to 2008/2009

Description	Base year	Increase over base		Totals	
	Fiscal 2006	Fiscal 2008	Fiscal 2009	Fiscal 2008	Fiscal 2009
"Statewide"					
Personal Services Adj.	\$7,639,179	\$1,304,807	\$1,321,843	\$8,943,986	\$8,961,022
Inflation	\$0	\$4,275	\$5,310	\$4,275	\$5,310
Fixed Costs	<u>\$478,112</u>	<u>\$79,203</u>	<u>\$116,799</u>	<u>\$557,315</u>	<u>\$594,911</u>
Total Statewide PL	<u>\$8,117,291</u>	<u>\$1,388,285</u>	<u>\$1,443,952</u>	<u>\$9,505,576</u>	<u>\$9,561,243</u>
Branch Policy					
Cyclical Session Costs*	Included below	\$0	\$62,000	Included below	Included below
Div. Operating Costs/Eqpt.	<u>1,877,508</u>	\$333,687	(\$163,328)	<u>2,211,195</u>	<u>1,776,180</u>
Total Operating cost incr.	<u>\$1,877,508</u>	<u>\$333,687</u>	<u>(\$101,328)</u>	<u>\$2,211,195</u>	<u>\$1,776,180</u>
Total	<u>\$9,994,799</u>	<u>\$1,721,972</u>	<u>\$1,342,624</u>	<u>\$11,716,771</u>	<u>\$11,337,423</u>

* Cyclical costs for the fiscal year ending 6/30/09.

* Cyclical costs (not in base year, but is not a new expenditure)

Issue for Consideration

Staffing Levels

The legislature may need to more clearly define staff workload expectations and revise staffing levels to meet that expectation.

The legislature has leveraged the cyclical nature of biennial session and interim work to minimize the amount of permanent legislative support staff by significantly understaffing for session and session preparation, i.e., expecting staff to put in significant overtime hours for session activities in the form of compensatory time, and then allowing staff to use the compensatory time earned in the interim period between sessions. In prior decades, this has been an effective tool for minimizing staff resources required to support the legislature (particularly since overtime hours are on an hour-for-hour basis), but has been an issue for over a decade as staff finds it difficult to find the time to use the hours earned. While overtime hours vary, they can be as high as 500 hours per staff member in the session cycle, which then must be used in a 16 month period prior to the start of the next session cycle. While staff has been able to use the earned hours in all but a few cases where earned time was either lost or extended, it has meant that legislative projects have had to be reduced in scope or foregone in order to allow the earned time to be used.

The problem can be largely attributed to a significant change in the cyclical work pattern. Staff resources are no longer being managed predominantly on a session basis. Interim work expectations and work plans have become more extensive over the years, and there is no longer a significant "down time" so that staff can easily utilize the earned time off. Staff has had to turn down or negotiate cutbacks in priority work plan items to reach legislative deadlines for use of earned time off. Legislators and interim committees have expressed frustration with non-availability of staff to respond to their needs.

An example of the workload crunches that stress existing staff resources is the recent court ordered revision of funding methodology for schools. Several research, legal, and fiscal staff were tasked to do extensive work for nearly a year in preparation for the 2005 session, then were a prime resource on this issue during the session.

This was followed by assignment to staff an interim study in the eight months following the session, followed by staffing a special session. In a nearly two year period, those staff not only couldn't find time to use earned hours for time off, they were earning additional overtime hours working on this issue. This is not an isolated issue, as the pace of legislative work and "crises" seldom subsides.

The products and services that staff provide have grown significantly in the past 20 years, yet staffing levels have remained static over that same period. For the three staff divisions of the branch, allowed FTE in total is the same as in 1986, and actually less than in 1980. While a significant part of the ability to increase services in response to greater demand can be attributed to a wise investment in information technology over increased staffing, the pressure to expand services to meet the needs of the state's legislative body are becoming more difficult to attain. This is further exacerbated by the implementation of term limits. The legislature must rely more heavily on staff as a result of less experience to provide continuity of institutional knowledge and to provide more services.

Of significant concern to staff directors is that over 25 percent of legislative staff is eligible to retire in the next 5 years, and a significant "brain drain" will occur that will make it very difficult to maintain the current level of services with existing staff levels.

The level of resources that the legislature considers necessary to function effectively is directly related to legislative expectations, and is a policy issue for the legislative body to decide. There is a dual issue that the legislature should consider during budget and policy decisions of the 2007 legislative session:

- What level of staff services is the legislature willing to accept? Is the level of services currently provided adequate, or are priority projects being set aside due to a lack of sufficient staff resources?
- Are workload demands on existing staff realistic? In view of the increased level of service demands while retaining static staff resource levels for over 20 years, is it time to review the current legislative staffing levels to achieve a more realistic and equitable level of workload expectation from staff?

Issue for Consideration

Information Technology Cost Management

The Office of Legislative Information Technology is responsible for the IT enterprise for the branch. It is faced with balancing the needs of the legislature in a rapidly changing technological environment which requires constant interface with the Executive Branch enterprise as it affects the Legislative Branch enterprise.

The Executive Branch governs its statewide information technology system and practices based on the statutorily defined Montana Information Technology Act (MITA). This act provides the structure for setting policy and procedures for delivery of information technology products and services to state agencies. Decisions made on the management of that system and on what systems and software will be supported have a profound impact on costs incurred by state agencies and by the Legislative Branch. The Legislative Branch is not subject to the governance of the executive branch in MITA, but is tasked to work cooperatively with the Executive Branch to coordinate and efficiently deliver information technology services in as seamless a manner as possible, while retaining a separation of powers and adequate security. In that regard, the Legislative Branch relies significantly as a customer on the Executive Branch core services and structure to avoid redundancy in the delivery of services as currently provided. However, as a result of recent changes to the Executive Branch governance structure, it does not have a direct voice in the decisions as to service policies and changes in existing services. The branch operates on a separate governing statute for information technology.

Decisions made in the past have had a significant impact on the cost of information technology services for the Legislative Branch as well as other customer agencies of the Information Technology Services Division (ITSD). These changes are often unbudgeted, and place a significant financial strain on agencies to "retool" to remain current and maintain compatibility with state standards and service support. In view of this issue, the 2005 Legislature amended statute (2-17-526, MCA) to require that when major new information technology projects impact other agencies, including replacements and upgrades, ITSD and the Office of Budget and Program Planning (OBPP) must, in addition to explaining the accomplishments to be achieved by the project, provide a report of all agencies/entities impacted by the change and an estimate of the cost and resource impact on existing information technology applications.

ITSD management recently issued a Chief Information Officer (CIO) Advisory White Paper that states that they are considering elimination of support for Novell products and services, which is used extensively by state agencies. The Legislative Branch also uses Novell products extensively in its information technology environment, and it would require significant resources to either convert to another software product, or to assume in-house support of Novell, which may be necessary due to the invasive level of dependence of branch information technology architecture on that product.

The state CIO has unofficially stated that ITSD will make a decision on Novell support in about a year. If this change were implemented before the next budget cycle, it would create a significant financial strain on the Legislative Branch budget.

The legislature should consider this issue and the potential impact of this decision and other information technology decisions on the Legislative Branch budget, and explore ways to manage the fiscal impact of information technology policy decisions for the long term. For the purpose of managing this emergent issue, the following options are provided:

- Provide the Legislative Branch a contingency appropriation to fund two additional FTE to assume direct support for Novell Network products, or to cover costs of conversion to a new product
- In addition to the first option, authorize the use of ITSD fee allocations to the Legislative Branch to be diverted to purchase direct licensing and support from Novell
- Take action in a legislative bill or other authorization to advise the Executive Branch not to implement any change in existing services until they have identified the impacts in accordance with state law and have identified the financial impact on agencies that then could be budgeted in the next biennium

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